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Development Account: modalities for operating the Account

Report of the Secretary-General

Summary

The present report has been prepared at the request of the Fifth Committee to assist consideration of the sustainability, mechanism and modalities of the Development Account during the resumed fifty-third session. The Committee requested clarification of issues concerning the operation of the Development Account. The report explains how the Development Account could work in practice.

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Contents

		Paragraphs	Page
I.	Introduction	1	3
II.	Summary	2–3	3
III.	Transfer to the Development Account budget section of resources released arising from productivity gains	4–6	3
IV.	Operation of the Development Account budget section	7–8	3
V.	Operation of the special account for supplementary development activities	9–14	4
VI.	Recommendations	15	4
Annexes			
Ia.	Proposed timetable showing major steps for approving expenditure from the special account for supplementary development activities		5
Ib.	Proposed timetable showing major steps for approving expenditure from the special account for supplementary development activities		6
II.	Example of presentation format for consideration of projects to be funded from the special account		7

I. Introduction

1. The present report provides an elaboration of the mechanism for the use of the Development Account through the redeployment of resources released due to productivity gains to projects in the economic and social sector. It has been prepared at the request of the Fifth Committee to assist consideration of the sustainability, mechanism and modalities of the Development Account.

II. Summary

2. The modalities outlined below are based on the premise that the General Assembly would create a special account for supplementary development activities that would be of a multi-year nature, to which amounts appropriated under the Development Account budget section would be transferred. The special account would allow for projects to be handled on a multi-year basis while the regular budget section appropriation could continue to be handled in a biennial framework. Through the existing budgetary process and within existing rules and regulations, the General Assembly would approve transfers from the Development Account budget section to the special account. The General Assembly would also approve projects to be funded from the special account that are consistent with the objectives of the medium-term plan and complementary to existing programmes.

3. There would be three distinct elements to the modalities: (a) the identification and transfer of resources released due to productivity gains to the Development Account budget section; (b) the operation of the Development Account budget section; and (c) the operation of the special account itself. The process for each element is outlined in sections III–IV below. It should be noted that at all stages of the process, no action would be taken without the full approval of the intergovernmental bodies. In addition, no amendments to existing rules and regulations would be necessary.

III. Transfer to the Development Account budget section of resources released arising from productivity gains

4. Recommendations for transfers of gains achieved in any biennium to the Development Account budget section would be contained in the second performance report, i.e., in the second year of the biennium. The Secretary-General would only include gains that have been verified and are sustainable, and that do not have any adverse impact on mandated work programmes.

5. As part of consideration of the second performance report, proposals for transfers of gains considered sustainable would be reviewed by the General Assembly.

6. Upon approval, the necessary section transfers would be reflected in the final appropriations for the biennium concerned.

IV. Operation of the Development Account budget section

7. There would be two points during the course of a biennium at which transfers would be made from the regular budget section to the special account. The first would occur after the initial appropriation of the programme budget, which would contain funds in the Development Account budget section as approved by the General Assembly for the purposes of supplementary development activities. In January of the first year of the biennium, these funds would be transferred to the special account.

8. The second point would occur at the transfer of resources approved by the General Assembly after consideration of the second performance report. At this time, additional charges to the Development Account budget section would be made as transfers to the multi-year special account.

V. Operation of the special account for supplementary development activities

Multi-year account

9. A key element in these arrangements would be the special account for supplementary development activities established by the General Assembly. As a multi-year account, resources resulting from productivity gains identified and approved for transfer after consideration of the second performance report would not need any special measures by the General Assembly to enable preservation of the funds for expenditure in future years.

Modalities of the special account

10. During the second year of a biennium, the Secretary-General would prepare proposals for the subsequent biennium for projects to be funded from the special account. Proposed timetables for consideration of these proposals are contained in annex Ia for the biennium 2000–2001 and annex Ib for the biennium 2002–2003.

11. The proposals would consist of projects that address objectives already existing within the overall context of the medium-term plan and that augment existing work programmes. The proposals would be coordinated by the Department of Economic and Social Affairs. The total budget of the proposals would comprise the maximum amount that the Secretary-General considers may be available in the special account for that biennium. An example format for the proposals that conforms to existing budgetary practice is contained in annex II.

12. These proposals would be submitted to the Committee for Programme and Coordination (CPC) to consider programmatic aspects and to the Advisory Committee for Administrative and Budgetary Questions (ACABQ) to consider budgetary aspects and for each body to make appropriate recommendations to the General Assembly.

13. Towards the end of the biennium, the recommendations from CPC and ACABQ would be considered by the Fifth Committee. The total amount available in the special account would be identifiable in the light of the transfers that the General Assembly has approved to the Development Account as a result of its deliberations on the second performance report. The General Assembly would then approve the projects to be funded from the special account.

14. Annual reports describing the activities carried out, expenditure, and other information required by the General Assembly would be provided in a similar fashion to other accounts of a multi-year nature, such as the Integrated Management Information Systems and the construction funds. These reports would be submitted to the General Assembly through ACABQ and the Fifth Committee for their consideration and recommendations, thus ensuring full transparency in the use of the funds.

VI. Recommendations

15. The General Assembly may wish to consider taking the following steps:

(a) Approve the creation of a special account for supplementary development activities, specifying that it is of a multi-year nature;

(b) Approve the procedures outlined above for the transfer to the Development Account budget section of resources released arising from productivity gains; the operation of the Development Account budget section; and the operation of the special account for supplementary development activities.

Annex Ia

Proposed timetable showing major steps for approving expenditure from the special account for supplementary development

2000–2001 budget: $13.065 million

Date	*Major steps*
May/August	Secretary-General prepares proposals for expenditure from special account for supplementary development activities for biennium 2000–2001; in view of time constraints, it is recommended that a summary of proposals be prepared for consideration by CPC, followed by fully detailed proposals for consideration by ACABQ, Fifth Committee and General Assembly
June/July 1999	CPC considers Secretary-General's proposals, and prepares report and recommendations on programmatic issues for consideration by General Assembly
September/November 1999	ACABQ considers Secretary-General's proposals and makes recommendations on financial aspects to General Assembly
November/December	General Assembly (Fifth Committee) considers CPC report and ACABQ recommendations on project proposals
December 1999	General Assembly approves programme budget 2000–2001 and development projects from special account
January 2000	OPPBA issues allotment from special account for projects approved by General Assembly
May 2001	Annual report on first year of operation of special account submitted for consideration by ACABQ and then General Assembly
May 2002	Annual report on second year (2001) of operation of special account submitted for consideration by ACABQ and then General Assembly

Annex Ib

Proposed timetable showing major steps for approving expenditure from the special account for supplementary development activities

Projection for 2002–2003: initial estimate $40 million

Date	*Major steps*
May/June 2001	Secretary-General prepares proposals for expenditure from special account for supplementary development activities for biennium 2002–2003
June/July 2001	CPC considers Secretary-General's proposals, and prepares report and recommendations on programmatic issues for consideration by General Assembly
September/November 2001	ACABQ considers Secretary-General's proposals and makes recommendations for consideration by General Assembly
December 2001	Productivity gains for 2000–2001 reported in second performance report for 2000–2001
December 2001	ACABQ reviews second performance report for 2000–2001, and makes recommendations regarding transfer of productivity gains for 2000–2001 to Development Account budget section
November/December 2001	General Assembly (Fifth Committee) considers CPC report and ACABQ recommendation on project proposals, in the light of productivity gains recommended for transfer to Development Account and total funds available in special account for biennium 2002–2003
December 2001	General Assembly approves redeployment of 2000–2001 gains that it agrees with to Development Account; funds are then "expended" by being transferred to special account
December 2001	General Assembly approves programme budget 2002–2003 and development activities from special account
January 2002	OPPBA issues allotment from special account for projects approved by General Assembly
May 2003	Annual report on third year (2002) of operation of special account submitted for consideration by ACABQ and then General Assembly
May 2004	Annual report on fourth year (2003) of operation of special account submitted for consideration by ACABQ and then General Assembly

Annex II

Example of presentation format for consideration of projects to be funded from the special account for supplementary development activities [a]

Summary of requirements

(Thousands of United States dollars)

Project	*1998/1999 estimate*	*Implementing departments/offices*
A. Promotion of electronic commerce	1 980.0	UNCTAD
B. Capacity-building in economic and social policy analysis in Africa through the networking of expertise	2 500.0	ECA
D. Computer and telecommunication system for international and national drug control	1 100.0	UNDCP
E. Capacity-building and networking for the implementation of the Habitat Agenda in least developed countries	945.0	Habitat
F. On-line network of regional institutions for capacity-building in public administration and finance	1 525.0	Department of Economic and Social Affairs
G. Research network for economic policy analysis	1 325.0	Department of Economic and Social Affairs
H. Activities for the implementation of Agenda 21, the Copenhagen Declaration and Programme of Action of the World Summit for Social Development, and the Beijing Declaration and Platform of Action	3 570.0	Department of Economic and Social Affairs
Total	**12 945.0**	

Outline of project proposal

1. Project title (Department)

Objectives
Background
Relation to medium-term plan
Expected accomplishments
Duration
Proposed activities

2. Project title (Department)

Objectives
Background
Relation to medium-term plan
Expected accomplishments
Duration
Proposed activities

3. **Project title (Department)**

   Etc.

Notes

[a] This example uses the project proposals contained in document A/53/374/Add.1.